

# Globally Indian

**Doing business in the land of  
diverse cultures and opportunities**

2021



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FDI interest in India has been witnessing a significant upward trend since 2015, backed by PM Narendra Modi's focus on leveraging the power of the combination of the three D's – Democracy, Demographics and Demand. Active government intervention in the form of pathbreaking reforms has led to a considerable jump in the country's rank (142 in 2014 to 63 in 2021) in ease of doing business.

**Vishesh C. Chandiok**  
Chief Executive Officer

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# About India



**3.5-4 million** people directly employed by the Indian outsourcing services industry, with an **additional 10 million** through indirect employment\*



**Key industries offshoring to India:** Professional services, legal, financial services, and IT



**Global shared services market** to reach **USD 284.4 billion** by 2027\*\*



**Major international airports** Chennai, New Delhi, Mumbai, Hyderabad, Kolkata, Bengaluru, Goa and Thiruvananthapuram



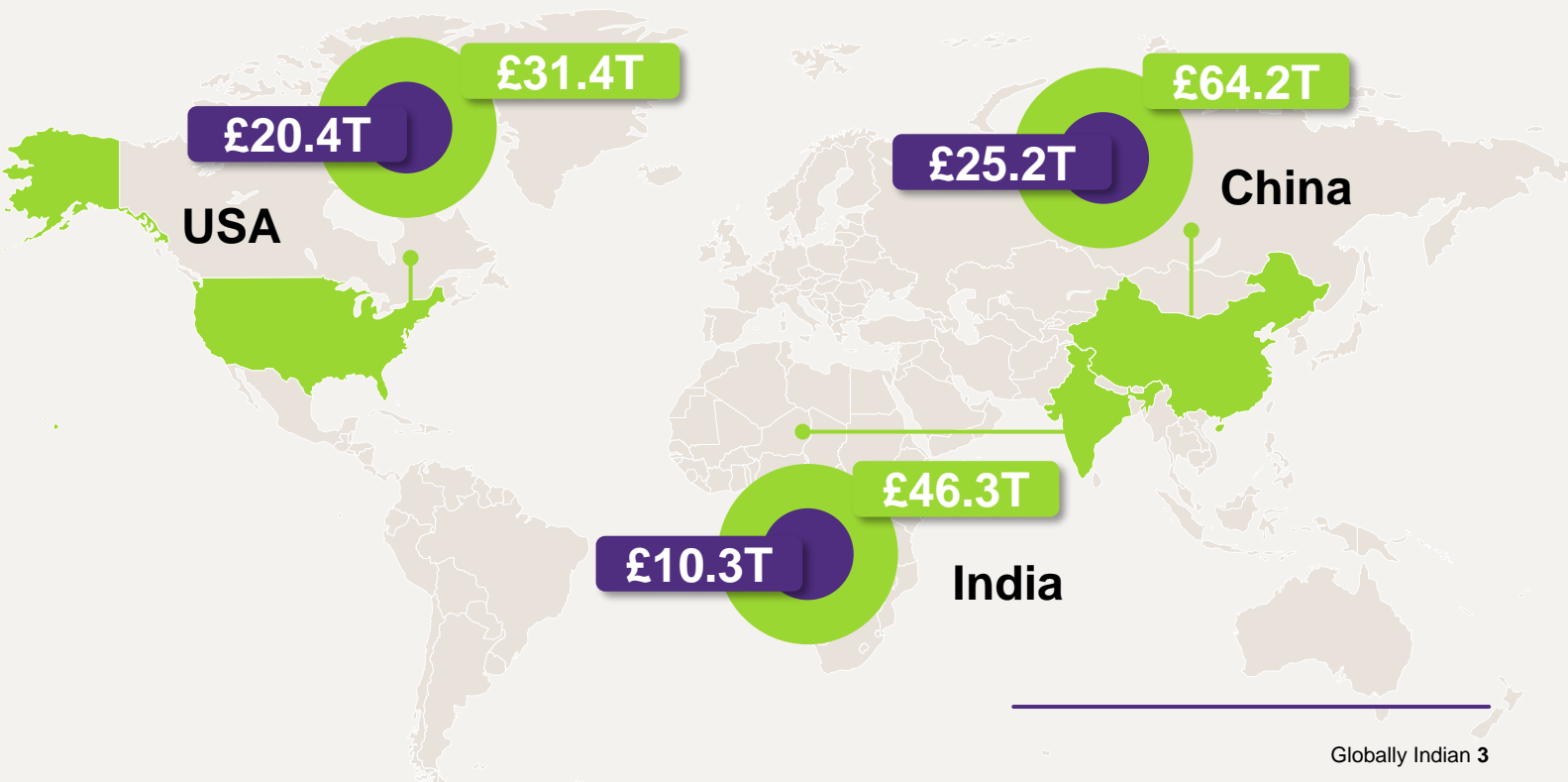
**Key locations of shared service centres:** Bengaluru, Delhi, Mumbai, Kolkata, Pune, Chennai and Hyderabad



**Main ports of entry** Chennai, Jawahar Lal Nehru (Mumbai), Kandla, Kochi, Mormugao, Kolkata, Paradip, Tuticorin, Ennore, Vishakhapatnam and New Mangalore

\*NASSCOM, \*\*Global Shared Services Industry

## Top 3 countries by GDP (PPP) in 2030 with India growing more than 4X



# Land of opportunities



Population<sup>1</sup>  
**1.39 billion**



Area<sup>2</sup>  
**3.29 million**  
square kilometres



GDP (nominal)<sup>3</sup>  
**USD 2.87 trillion**



GDP per capita  
(nominal)<sup>4</sup>  
**USD 2,100**



Exports<sup>5</sup> (April 2020 to  
February 2021)  
**USD 439.64 billion**



Imports<sup>6</sup> (April 2020 to  
February 2021)  
**USD 447.44 billion**



Literacy rate (Urban)<sup>7</sup>  
**87.7%**



Literacy rate (Rural)<sup>8</sup>  
**73.5%**



Life expectancy<sup>9</sup>  
**69.96 years**



Urban population<sup>10</sup>  
**31.16%**



Median age<sup>11</sup>  
**28.4**



Local currency  
**INR**

1. [www.worldometers.info](http://www.worldometers.info)

2. [www.worldometers.info](http://www.worldometers.info)

3. [www.investopedia.com](http://www.investopedia.com)

4. [www.investopedia.com](http://www.investopedia.com)

5. Press Information Bureau

6. Press Information Bureau

7. Ministry of Statistics and Programme Implementation

8. Ministry of Statistics and Programme Implementation

9. [www.macrotrends.net](http://www.macrotrends.net)

10. [www.censusindia.gov.in](http://www.censusindia.gov.in)

11. [www.worldometers.info](http://www.worldometers.info)



# Six reasons to choose India

## 01 Fastest-growing economy<sup>1</sup>

Highest FDI (foreign direct investment) inflow of USD

**67.54 billion** (Apr-Dec 2020)<sup>3</sup>

More than **USD 270 billion** comprehensive package - equivalent to 10% of India's GDP - under the Aatmanirbhar Bharat Abhiyan (Self-reliant India)<sup>2</sup>

## 02 World-class infrastructure

Under National Infrastructure Pipeline (NIP), **nearly 7,000 projects** across different sectors, at a total cost of **INR 111 lakh crore** identified<sup>4</sup>

Equity infusion of **INR 6,000 crore** to attract debt and equity investments in infrastructure<sup>5</sup>

## 03 Largest youth population

India will continue to have one of the youngest populations in the **world till 2030<sup>6</sup>**

**Third-largest group** of scientists and technicians in the world<sup>7</sup>

By 2030, it is estimated that **around 42%** of India's population would be urbanised from 31% in 2011<sup>8</sup>

## 04 Global competitiveness

**Rank 63** World Bank's Ease of Doing Business Ranking 2020<sup>9</sup>

**Rank 68** Global Competitiveness Index 2018-19<sup>10</sup>

## 05 Innovation hub

**Rank 48** (jumps 4 positions) Global Innovation Index 2020 rankings<sup>11</sup>

## 06 Economic influence

India and China will be the largest **manufacturing hubs** of the world by 2030<sup>12</sup>

**Five years** India to have greater economic influence across the Asia-Pacific Region<sup>13</sup>

1. International Monetary Fund  
2. Department of Promotion of Industry and Internal Trade, Govt. of India  
3. Prime Minister's Office, Ministry of Finance  
4. International Monetary Fund  
5. Department of Economic Affairs, Ministry of Finance and India Investment Grid  
6. Prime Minister's Office, Ministry of Finance  
7. United Nations Population Fund  
8. All India Management Association, The Boston Consulting Group  
9. World Bank  
10. World Bank

10. World Economic Forum  
11. World Intellectual Property Organization  
12. Lloyd's Register Marine & University of Strathclyde, Glasgow  
13. Baker McKenzie & Mergermarket Group



# Foreign investors can commence business in India as



## Indian company\*

- **Joint Venture (JV)**
- **Wholly Owned Subsidiary**
- JV/Wholly Owned Subsidiary as (i) Private Limited or (ii) Public Limited Company, established under the **Companies Act, 2013**



## Foreign company\*\*

- Liaison Office (LO)**
  - To represent the parent company in India
- Branch Office (BO)**
  - To undertake activities such as export, import, research, consultancy, etc.
- Project Office (PO)**
  - Activities as per contract to execute project



## Limited Liability Partnership (LLP)

- Subject to provisions of **LLP Act, 2008**
- FDI permitted under automatic route in LLPs operating in sectors/activities where 100% FDI is allowed, through the automatic route and there are no FDI-linked performance conditions

\* Incorporation of a company in India is subject to sectoral caps and requisite approvals

\*\***RBI guidelines** regarding the establishment of LO/BO/PO. As per Companies Act 2013, only a resident Indian with PAN to be appointed for receiving notices in India for foreign company.

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India's strong economic fundamentals and various tax and policy reforms have attracted foreign companies and investment into the country in different sectors.

**Vikas Vasal**  
**National Managing  
Partner, Tax**

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# FDI in India

Foreign investors keen to set up operations in India are required to comply with the foreign exchange control laws of the country. Since liberalisation of the Indian economy in 1991, FDI norms across sectors have eased.

**Consistent increase in FDI** inflow since 2014-15 (USD 45.15 billion)



Total FDI inflow grew by **65.3%**, from USD 266.21 billion (2007-14)

**USD 440.01 billion** (2014-21)



FDI equity inflow also increased by **68.6%** from USD 185.03 billion (2007-14)



## FDI entry routes to India

Category 1	Category 2	Category 3
<b>100%</b> through automatic route	Up to <b>100%</b> through government route	Up to <b>100%</b> through government + automatic route



Parameters	Sectors
<b>Automatic route</b>	FDI up to 100% permitted under the automatic route in most services, manufacturing, infrastructure sector, B2B trading, single brand retail trading, pharmaceuticals (greenfield), etc.
<b>Approval route</b>	FDI in these activities is permitted only with prior government approval, e.g., broadcasting content services (FM radio), print media (newspaper and periodicals), multi-brand retail trading (51%) and mining. FDI beyond the prescribed caps requires government approval.
<b>Sectoral caps</b>	FDI in certain sectors is subject to sectoral caps such as insurance (49%), defence subject to industrial licence (49%) and airlines (49%).
<b>FDI-linked conditions</b>	FDI in these sectors is subject to specified conditions – floriculture, horticulture, apiculture and cultivation of vegetables and mushrooms under controlled conditions, wholesale trading, single-brand retail trading, e-commerce, construction development – townships, housing and built-up infrastructure, print media and ARCs.

## Prohibited sectors

	Lottery business including government/private lottery, online lotteries, etc.		Chit funds
	Nidhi company		Real estate business, or construction of farmhouses (subject to certain exceptions)
	Gambling and betting including casinos, etc.		Activities/sectors not open to private sector investment, e.g., atomic energy and railways (except mass rapid transport systems)
	Trading in transferable development rights		Manufacturing of cigars, cheroots, cigarillos and cigarettes, tobacco or tobacco substitutes

# Key sectoral opportunity



## BFSI – Fintech & Financial Services

**The Indian Fintech market is valued at USD 32 billion and is expected to grow to USD 48 billion by 2025**

High volume of funding from venture capital, private equity and institutional investors; growing smartphone population and lower data tariffs have given rise to the digital population in the country; has pushed India towards becoming the fastest growing Fintech markets in the world

### Did you know?

India's United Payments Interface (UPI), as of May 2021, recorded 2.6 billion transactions worth ~USD 68 billion; a jump of 15x over three years.

### Fast facts

**2100+**  
Fintechs in India

**67%**  
set in last 5 years

Growth in Fintech transaction value size - From **USD 66 billion** in 2019 to **USD 138 billion** in 2023, at a CAGR of 20%



## Automotive

**India is expected to be the world's third-largest automotive market in terms of volume**

India is eyeing an electric vehicle ecosystem, where the budget of R&D would further enhance its development and localisation towards efficiency improvement and increasing competitiveness. The year 2020 gave automakers an opportunity to reposition themselves as they emerge from the crisis on a new path towards electrification and connectivity.

### Did you know?

India is the world's largest two-wheeler and three-wheeler and tractor manufacturer, second largest bus manufacturer and fourth largest car manufacture.

### Fast facts

Passenger vehicle industry to post a growth of **22-25%** in FY22 while Auto Components industry exports to grow 5X in next 10 years

**USD 32 billion**  
Automotive aftermarket segment by 2026

To accelerate EV purchase and consumption, e-charging stations to be set up by the government at around **69,000** petrol pumps across the country



## Real estate

The sector attracted FDI worth USD 42.50 billion in April 2000-March 2020, amounting to 9.5% of the total FDI inflows during the period.

Rapid urbanisation, rise in household income, growth in demand for office space, rising requirement of space from education, healthcare, e-commerce and logistics sectors is driving the demand in the real estate sector.

### Fast facts

During 2017-28, the sector is expected to register a CAGR of **19.5%**

To reach USD 1 trillion by 2030 and account for **13%** of the country's GDP by 2025

Create opportunity worth USD **19.65 billion** in the coming years

### Did you know?

Data centre market in India is likely to receive investments worth USD 5 billion by 2025. Owing to COVID-19, real estate businesses are moving towards cloud, leading to an uptick in demand.



## Consumer, retail & e-commerce

The Indian e-commerce industry is expected to cross the USD 200 billion mark by 2026.

Driven by a rising number of households carrying out online transactions, availability of higher disposal income, along with a strong push from the rural economy, is expected to have a positive impact on the sector.

### Fast facts

The number of households carrying out online transactions estimated to grow from 154 million in 2020 to **233 million** in 2025

The demand for electronics hardware is estimated to reach **USD 400 billion** in FY 2023-24

The retail sector has contributed ~800 billion to India's GDP in FY20 and is expected to create **25 million** new jobs by 2030

### Did you know?

FMCG is the fourth-largest sector; F&B (19%), healthcare (31%), household and personal care (50%) are its three main segments.



## Healthcare

**The industry is projected to reach USD 372 billion by 2022**

Increasing number of lifestyle diseases, rising healthcare costs leading to demand for affordable healthcare delivery systems, changing technology, emerging telemedicine are some of the factors driving the healthcare sector in India.

### Fast facts

The market is expected to reach **USD 372 billion** by 2022 at a CAGR of 39%

Digital healthcare market estimated to reach **INR 485.43 billion** by 2024

**70,000** Ayushman Bharat centres, which aim at providing primary health care services to communities closer to their homes, are operational in India

### Did you know?

Health insurance contributes 20% to the non-life insurance business. The gross direct premium income underwritten by health insurance grew 17.16% y-o-y in FY20.



## Technology, media and telecommunications

**India has the second-largest telecom market in the world, with a subscriber base of 1.16 billion users**

The IT industry in India is one of the leading contributors to India's GDP, employment and economic growth. Growth of the Indian technology market over the next few years is expected to be fueled by rising internet penetration, driven by an improving network infrastructure and rising demand for internet consumption. Over 600 million users are expected to join by 2025.

### Fast facts

India has become the digital capabilities hub of the world with around **75% of global** digital talent present in the country

The overall online video market for India is projected to grow at a CAGR of 26% between 2020 and 2025 to reach **USD 4.5 billion** in revenue over the next five years

Indian IT & BPM companies have set up over **1,000 global** delivery centres in about 80 countries across the world

### Did you know?

India has 385 million millennials accounting for 65% of total population who contribute to changing media consumption habits and evolving lifestyles.



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Organisations come to us for our global scale, quality, industry insight and deep technical expertise. But what sets us apart is our distinctive client experience, structure and culture, which embraces change with speed and agility. We bring together technical skills, rigour, tools, methodologies for seamlessly delivering services beyond geographical boundaries.

**Alok Saigal**  
**Partner & Global Delivery**  
**Leader**



”

# Start your India journey with us

As a global organisation planning to enter India, you need a partner that understands how you operate globally and can tailor market-entry solutions. From devising inbound strategy, enabling compliance with regulations/laws to realigning your business operations with the local landscape, our teams have the expertise to assist you with everything your business demands. We are a local firm with global connects and can help you drive your India story with our end-to-end offerings.

## Our solutions



### Supporting strategic ambitions

- Formulating new strategies by challenging and exploring options
- Evaluating new markets, ventures and commercial opportunities, with feasibility studies and financial projection analysis
- Planning and implementing strategic transactions, including mergers, bolt-on acquisitions and disposals
- Delivering commercial due diligence to assist you in making the right business decisions
- Providing valuations to support decisions on organic growth, acquisitions and JV opportunities
- Considering your tax position at every stage
- Formulating your ESG strategy



### Supporting expansion plans

- Supporting new market entry
- Designing and helping you execute your expansion strategy
- India inbound entry strategy, market positioning and market intelligence
- Undertaking customised market/regulatory due diligence on potential markets
- Planning tax structures and transfer pricing policies



### Financing growth

- Advising on the best capital structures to support your strategy
- Providing assurance to assist with accessing capital for growth
- Assessing funding requirements basis our market knowledge
- Preparing information memorandums and financial models for opportunities/investors



## Managing business risks

- Delivering insightful, value-added audits to reassure stakeholders and support your goals
- Supporting boardroom decisions around tax strategy risk
- Minimising disruption and loss from business-critical events
- Ensuring regulatory compliance
- Mitigating fraud, bribery and corruption risks
- Assessing cyber maturity and ensuring resilience
- Delivering outsourced internal audit services



## Optimising operations

- Benchmarking efficiency of day-to-day operations
- Identifying opportunities for direct cost savings
- Outsourcing back-office functions
- Evaluating and improving supply chain efficiency
- Improving working capital management through process improvement and tax planning



## Driving technology and transformation

- Designing transformation journeys
- Implementing futuristic digital operating models
- Maturity assessments and roadmap
- Intelligent automation and data governance
- Information management and analytics
- Tech-enabled process transformation



## Designing people programmes

- Organisation structuring/restructuring for efficiency and accountability
- Employee satisfaction surveys
- Incentive design and implementation
- Designing performance architecture/management
- Designing career management/progression systems
- Balanced scorecard creation and implementation

# Our focus sectors

Grant Thornton Bharat has a sector-focused approach to working with a diverse set of clients and has focused programmes in six key sectors. We have a deep understanding of these sectors, including emerging trends, challenges, disruptions and issues faced by the companies we serve in these sectors.



**91%**

**Banking, financial services and insurance (BFSI)**



**75%**

**Automotive**



**84%**

**Media**



**61%**

**Healthcare and life sciences**



**64%**

**Real estate**



**84%**

**Consumer products**

Note: The percentage figures indicate our coverage of the sectors and are based on S&P sectoral indices of companies from the Bombay Stock Exchange (BSE) 500 list of companies. They reflect the percentage of total market capitalisation in the sector served by us.



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